

BRASIL TELECOM HOLDING CO
Form 6-K
November 08, 2004

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

THROUGH NOVEMBER 4, 2004

(Commission File No. 1-14477)

BRASIL TELECOM PARTICIPAÇÕES S.A.
(Exact name of registrant as specified in its charter)

BRAZIL TELECOM HOLDING COMPANY
(Translation of Registrant's name into English)

**SIA Sul, Área de Serviços Públicos, Lote D, Bloco B
Brasília, D.F., 71.215-000
Federative Republic of Brazil**
(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1).

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7).

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

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If "Yes" is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b):

B RTP3: R\$21.00 / 1,000 shares
B RTP4: R\$17.80 / 1,000 shares
BRP: US\$31.35 / ADR
Market Value: R\$6,838 million
Closing Price: November 1, 2004

Brasil Telecom Participações S.A.

Consolidated Earnings Release

3rd Quarter of 2004

Non-audited

Brasília, November 4, 2004.

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QUARTER HIGHLIGHTS

Increase of 19.2% in the ADSL accesses in service

Net revenue grew by 9.2%, reaching R\$2.4 billion

Fixed-line ARPU reached R\$81.8, a 9.8% growth

Data communications revenues of R\$283.4 million, a growth of 11.0%

EBITDA of R\$984.4 million, a 6.8% growth

EBITDA margin of 41.7%

Fixed-line CAPEX of R\$236.9 million

PCS CAPEX of R\$200.7 million

Net earnings adjusted by the goodwill of R\$116.2 million

Net debt declined by 20.3%

HIGHLIGHTS

Brasília, November 3, 2004 - **Brasil Telecom Participações S.A. (BOVESPA: BRTP3/BRTP4; NYSE: BRP)** announces its consolidated earnings for the third quarter of 2004 (3Q04).

On the 26th of September, Brasil Telecom GSM launched its commercial activities in mobile telephony, airing an institutional marketing campaign and initiating sales to the general public.

Brasil Telecom continued to succeed in long distance segments throughout the 3Q04, reaching a **market share of 46% and 25%, in the inter-regional and international segments, respectively.**

Attesting its solid balance sheet, **the demand for the debentures issued by the Company surpassed R\$800 million**, that is 60% above the total nominal value of the issuance.

Operating Performance

In the 3Q04, Brasil Telecom had 10,725 thousand **lines installed**, a growth of 0.1% and 0.4% compared to 2Q04 and 3Q03, respectively.

At the end of 3Q04, the **plant in service** was of 9,604 thousand lines.

At the end of 3Q04, Brasil Telecom reached 456.1 thousand **ADSL accesses in service**, representing a growth of 90.5% compared to the 3Q03.

Inter-network traffic increased by 6.1% compared to the 2Q04. This expansion in inter-network traffic was due to the increase in market share of Brasil Telecom in the interregional and international long distance segments.

At the end of the 3Q04, the fixed telephony operation had 5,509 **employees**, while Brasil Telecom GSM had 822.

Financial Performance

Net revenue in the 3Q04 reached R\$2,360.9 million, a 9.2% and 15.0% growth when compared to the net revenue of the 2Q04 and 3Q03, respectively.

The fixed-line ARPU (net revenue/Avg LIS/month) in the 3Q04 reached R\$81.8, compared to R\$74.4 in the 2Q04.

Measured service revenue increased by 10.6% compared to the previous quarter, reflecting the rate adjustments and an increase in traffic.

Long distance revenue increased by 14.3% compared to the previous quarter, leveraged by the Company's operations in the inter-regional and international segments.

Inter-network revenues increased by 9.1% compared to the previous quarter, mainly due to the increase in fixed-mobile traffic and the use of the CSC 14 in calls made from mobile phones.

Data communications revenues reached R\$283.4 million in the 3Q04, an increase of 47.7% compared to the 3Q03.

Interconnection costs amounted to R\$610.2 million in the 3Q04, an increase of 11.9% compared to the previous quarter.

Costs with subcontracted services amounted to R\$368.5 million. As a percentage of net revenue, costs with subcontracted services reached the lowest value of the past quarters, 15.6%.

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Trailing 12M Highlights

Increase of 90.5% in the ADSL accesses in service

Net revenue grew by 15.0%, reaching R\$8.7 billion

Data communication revenues reached R\$980.0 million, a 47.7% growth

EBITDA of R\$3.4 billion

Net debt is 38.6% lower

Year-to-date cost of debt of 11.3% p.a.

Free cash flow of R\$1.3 billion

Net earnings in the 9M04 of R\$210.6 million

EBITDA in the 3Q04 was of R\$984.4 million. The **EBITDA margin** was of 41.7%.

As of September 2004, Brasil Telecom's **consolidated total debt** was of R\$4,865.1 million, 12.0% higher than in the 2Q04.

The **dollar-denominated debt** represented 15.0% of the total debt, amounting to R\$730.4 million at the end of 3Q04, including hedge adjustments.

Debt exposed to exchange rate variation represented 33.2% of the total debt.

Brasil Telecom **hedged** 47.9% of the debt exposed to exchange rate variation. The dollar denominated debt maturing in the next 24 months is 100% hedged.

The financial result (excluding Interest on Shareholders' Equity) was of negative R\$98.3 million in the 3Q04, 13.3% above the one presented in the 2Q04.

Net Debt

BRP Debt (R\$ Million)	Set/03	Jun/04	Sep/04	Δ Quarter	Δ 12 Months
Total Debt	3,988	4,344	4,865	12.0%	22.0%
(-) Cash	1,604	2,506	3,400	35.7%	112.0%
Net Debt	2,384	1,837	1,465	-20.3%	-38.6%

The **year-to-date cost of debt** in 2004 is 11.3% p.a.

Consolidated net debt was of R\$1,464.7 million, as of September.

Consolidated net debt as a percentage of shareholders equity fell from 29.6% in the 2Q04 to 23.3% in the 3Q04.

In the 3Q04, Brasil Telecom generated a positive **operating cash flow** of R\$815.0 million, compared to R\$785.7 million in the 3Q03.

The trailing 12-month **free cash flow** was of positive R\$1,270.5 million, calculated by subtracting from the operating cash flow the cash flow from investment activities and the interest paid.

Financial Indicators

Financial Indicators	3Q03	4Q03	1Q04	2Q04	3Q04	Δ Quarter	Δ 12 Months
EBITDA* / Interest Expenses	5.55	6.59	6.57	6.90	8.24	19.4%	48.5%
Net Debt / EBITDA (x4)	0.62	0.49	0.38	0.48	0.37	-23.2%	-40.1%
Total Debt / (EBITDA* + Financial Income) (x4)	0.96	0.91	1.05	0.95	1.14	20.4%	19.3%
EBITDA* (x4) / Lines in Service	R\$ 391	R\$ 381	R\$ 367	R\$ 393	R\$ 410	4.3%	4.7%
EBITDA* (x4) / Employees** (thousand)	R\$ 728	R\$ 723	R\$ 685	R\$ 703	R\$ 715	1.6%	-1.8%

* EBITDA without effects of non-recurrent itens.

** Excluding employees from Brasil Telecom GSM.

[Table of Contents](#)**CONSOLIDATED INCOME STATEMENT**[Table of Contents](#)**Table 1 : Consolidated Income Statement**

R\$ Million	3Q03	2Q04	3Q04	Δ Quarter	Δ 12 Months
GROSS REVENUES	2,877.1	3,037.4	3,315.2	9.1%	15.2%
Local Service	1,180.8	1,115.7	1,218.3	9.2%	3.2%
Public Telephony	92.3	119.1	128.4	7.8%	39.1%
Long Distance Service	391.0	418.3	478.3	14.3%	22.3%
Inter-network Calls	643.9	738.1	805.5	9.1%	25.1%
Interconnection	203.9	179.4	182.7	1.9%	-10.4%
Lease of Means	51.8	63.5	53.9	-15.0%	4.2%
Data Communication	191.8	255.3	283.4	11.0%	47.7%
Supplementary and Value Added Services	95.2	104.1	117.2	12.6%	23.2%
Other	26.6	43.9	47.6	8.3%	78.9%
Deductions	(823.7)	(874.8)	(954.3)	9.1%	15.9%
NET REVENUES	2,053.4	2,162.6	2,360.9	9.2%	15.0%
COSTS & OPERATING EXPENSES	(1,093.5)	(1,240.7)	(1,376.5)	10.9%	25.9%
Personnel	(97.2)	(101.5)	(106.1)	4.5%	9.1%
Materials	(22.3)	(24.8)	(23.6)	-5.1%	5.7%
Subcontracted Services	(330.7)	(358.8)	(368.5)	2.7%	11.4%
Interconnection	(455.6)	(545.3)	(610.2)	11.9%	33.9%
Advertising and Marketing	(28.5)	(24.5)	(31.4)	28.2%	10.3%
Provisions and Losses	(85.2)	(135.1)	(163.7)	21.2%	92.0%
Other	(74.0)	(50.7)	(73.1)	44.2%	-1.2%
EBITDA	959.9	921.9	984.4	6.8%	2.6%
Depreciation and Amortization	(529.8)	(599.4)	(626.5)	4.5%	18.2%
OPERATING PROFIT BEFORE FINANCIAL RESULT	430.1	322.5	358.0	11.0%	-16.8%
Financial Result	(129.3)	(86.7)	(98.3)	13.3%	-24.0%
Financial Revenues	83.7	199.3	82.4	-58.7%	-1.6%
Financial Expenses	(213.0)	(285.9)	(180.6)	-36.8%	-15.2%
Interest on Shareholders' Equity	-	(0.0)	-	-100.0%	N.A.
OPERATING PROFIT AFTER FINANCIAL RESULT	300.8	235.8	259.7	10.1%	-13.7%
Non-Operating Revenues (Expenses)	(30.5)	(93.1)	(33.3)	-64.2%	9.3%
Goodwill Amortization - CRT Acquisition	(31.0)	(31.0)	(31.0)	0.0%	0.0%
Other	0.5	(62.1)	(2.3)	-96.3%	N.A.

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EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	270.3	142.7	226.4	58.6%	-16.3%
Income and Social Contribution Taxes	(105.8)	(67.5)	(90.5)	34.2%	-14.4%
EARNINGS BEFORE PROFIT SHARING	164.5	75.3	135.8	80.4%	-17.4%
Profit Sharing	(14.5)	(16.8)	(13.6)	-19.1%	-6.1%
Minority Interest	(33.4)	(7.4)	(37.0)	397.4%	10.9%
EARNINGS BEFORE REVERSION OF INTEREST ON SHAREHOLDERS' EQUITY	116.6	51.0	85.2	67.0%	-26.9%
Reversion of Interest on Shareholders' Equity	-	0.0	-	-100.0%	N.A.
NET EARNINGS	116.6	51.1	85.2	66.9%	-26.9%
Goodwill Amortization - CRT Acquisition	31.0	31.0	31.0	0.0%	0.0%
NET EARNINGS ADJUSTED BY GOODWILL AMORTIZATION	147.6	82.1	116.2	41.6%	-21.3%

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OPERATING PERFORMANCE

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PLANT

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Table 2: Plant

PLANT	3Q03	2Q04	3Q04	Δ Quarter	Δ 12 Months
Lines Installed (Thousand)	10,677.6	10,711.6	10,725.4	0.1%	0.4%
Additional Lines Installed (Thousand)	21.5	10.9	13.8	26.8%	-36.0%
Lines in Service - LIS (Thousand)	9,809.2	9,646.7	9,604.3	-0.4%	-2.1%
Residential	7,167.6	6,840.5	6,685.4	-2.3%	-6.7%
Non-Residential	1,567.1	1,450.7	1,451.5	0.1%	-7.4%
Public Telephones	296.5	296.2	296.0	-0.1%	-0.2%
Pre-paid	231.6	276.1	284.6	3.1%	22.9%
Hybrid Terminals	1.9	159.4	267.2	67.6%	N.A.
Other (including PBX)	544.4	623.8	619.5	-0.7%	13.8%
Additional LIS (Thousand)	68.1	(77.1)	(42.4)	-45.0%	N.A.

Average LIS (Thousand)	9,775.1	9,685.3	9,625.5	-0.6%	-1.5%
LIS/100 Inhabitants	23.5	22.9	22.7	-0.7%	-3.1%
Public Telephones/1,000 Inhabitants	7.1	7.0	7.0	-0.3%	-1.2%
Public Telephones/100 Lines Installed	2.8	2.8	2.8	-0.2%	-0.6%
Utilization Rate	91.9%	90.1%	89.5%	-0.5 p.p.	-2.3 p.p.
Digitization Rate	99.0%	99.5%	99.6%	0.1 p.p.	0.6 p.p.
ADSL Accesses in Service (Thousand)	239.4	382.5	456.1	19.2%	90.5%

Installed Lines

In the 3Q04, Brasil Telecom installed 13.8 thousand lines, closing the quarter with 10.7 million terminals, an increase of 47.8 thousand lines from the same period in 2003.

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Graph 1: Plant - Progression

Lines in Service

The plant in service totaled 9.6 million lines in the 3Q04. Brasil Telecom continued the process of detecting delinquent lines, disconnecting lines without prospects of returning to the active base in the medium term and transferring some of the clients who negotiated their obligations to the hybrid plan (LigMix). As a result, the utilization rate reached 89.5%.

Additionally, the increase of 67.6% in the number of hybrid terminals was a result of the Company's initiative to encourage the migration of clients that were on default or who subscribed to economical plans. This initiative has been increasing the fixed-line ARPU.

ADSL

The number of ADSL accesses grew by 90.5% year on year, reaching 456.1 thousand accesses in the 3Q04.

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Graph 2: ADSL Accesses

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TRAFFIC

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Table 3: Traffic

TRAFFIC	3Q03	2Q04	3Q04	Δ Quarter	Δ 12 Months
Exceeding Local Pulses (Million)	3,098.9	2,715.2	2,730.0	0.5%	-11.9%

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Long Distance Minutes (Million)	1,709.4	1,624.2	1,638.0	0.8%	-4.2%
Fixed-Mobile Minutes (Million)	978.5	1,035.6	1,098.4	6.1%	12.3%
Exceeding Pulses/Average US/Month	105.7	93.4	94.5	1.2%	-10.5%
LD Minutes/Average US/Month	58.3	55.9	56.7	1.5%	-2.7%
Fixed-Mobile Minutes/Average LIS/Month	33.4	35.6	38.0	6.7%	14.0%

Billed Pulses The traffic of billed pulses (exceeding local pulses) increased by 0.5% compared to the 2Q04, reaching 2.7 billion.

Long Distance Traffic In the 3Q04, long distance traffic increased by 0.8% in comparison to the previous quarter, reaching 1.6 billion.

LD Market Share At the end of the 3Q04, Brasil Telecom had a 45.7% and 25.1% market share in the interregional and international long distance segments.

Leveraged by the success of the marketing campaigns of our carrier selection code (CSC 14) to locations outside the Region, the **DLD market share of Brasil Telecom increased by 0.2 p.p. in the intra-region segment**. The market share in the intra-sector and intra-region segments reached 90.9% and 81.3%, respectively.

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Graph 3: DLD Market Share

Inter-Network Traffic Inter-network traffic increased by 6.1% in the 3Q04 compared to the 2Q04, given an increase in VC-1, VC-2, and VC-3 traffic by 3.9%, 10.8%, and 34.5%, respectively.

Of the total inter-network traffic, 82.2% corresponded to VC-1 calls, while 12.0% corresponded to VC-2 calls and 5.9% to VC-3 calls.

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TARIFFS

Tariff Adjustments Following the Supreme Court of Justice's (Supremo Tribunal de Justiça - STJ) decision to authorize the rate adjustments of the Basic and Long Distance Plans, Brasil Telecom, in agreement with the Ministry of Communications and Anatel, increased rates for the local service and long distance baskets by an average of 8.7% and 9.6%, respectively. It was pre-established to apply the rate adjustments in two installments, one effective on September 1st and the other on November 1st.

The authorized maximum average rates for Brasil Telecom's basic plans are as follows:

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Table 4: Local Service Tariffs (in R\$)

Local Service ¹	Effective since 9/1/2004	Adjusted 11/1/2004	Change (%)
Installation Fee	20.65	21.35	3.42%
Residential Monthly Fee	24.69	25.54	3.43%

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Non-residential Monthly Fee	33.97	36.71	8.09%
PBX Monthly Fee	26.57	27.47	3.40%
Local Pulse	0.09948	0.10294	3.48%
Address Change	108.56	114.19	5.19%
Public Telephone Credit	0.10526	0.10850	3.08%

Local Basket **4.17%**

¹ Tariffs net of taxes, except for the Public Telephone Credit.

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Table 5: Domestic Long Distance Service Tariffs (in R\$)

DLD Service ¹	Effective since 09/01/2004			
	Normal	Differentiated	Reduced	Super Reduced
DC	0.04138	0.07346	0.02068	0.01033
D1	0.10935	0.20359	0.05465	0.02730
D2	0.18227	0.29209	0.09110	0.04553
D3	0.22189	0.33831	0.13668	0.06831
D4	0.27025	0.37478	0.18629	0.09110

DLD Service ¹	Effective since 11/01/2004			
	Normal	Differentiated	Reduced	Super Reduced
DC	0.04777	0.08481	0.02387	0.01192
D1	0.11767	0.20510	0.05881	0.02938
D2	0.19614	0.30094	0.09803	0.04899
D3	0.23137	0.34856	0.14707	0.07351
D4	0.27393	0.37540	0.20046	0.09803

¹ Tariffs net of taxes, per minute, for calls between fixed terminals.

DLD Service	Adjustment Percentage Change ²			
	Normal	Differentiated	Reduced	Super Reduced
DC	15.44%	15.45%	15.43%	15.39%
D1	7.61%	0.74%	7.61%	7.62%
D2	7.61%	3.03%	7.61%	7.60%
D3	4.27%	3.03%	7.60%	7.61%
D4	1.36%	0.16%	7.61%	7.61%

² The percentage change of the adjustment associated to D4 considers a weighted average of all rates applied in our Region, which differ from State to State.

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SUBSIDIARIES

Brasil Telecom GSM

With an institutional marketing campaign aired on the 26th of September, Brasil Telecom GSM announced the launch of its commercial activities in mobile telephony.

With a convergent telecommunications platform integrating the complete range of products and services of

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the Group, Brasil Telecom GSM brought a number of innovative and exclusive advantages to the market.

After announcing a promotion that reduced the interconnection rate by approximately 45%, which reduced the costs of calls from land lines to mobiles, Brasil Telecom GSM launched a new set of advantages to its clients, valid since the start of operations:

- **Pula-Pula: The best part of the launch was Brasil Telecom's Pula-Pula.** In the post-paid Pula-Pula, every time Brasil Telecom GSM clients pay their bills, credits are earned for the following month. And in the pre-paid Pula-Pula, every minute received in calls by pre-paid clients is converted into credits for the following month.
- **Único:** a pre-paid service that merges mobile, fixed line and payphone services. Clients buy credits for their pre-paid mobiles but also have the option to use the same credits to make phone calls from fixed line or payphones. The client simply calls a toll free number and informs the number to be called. The cost of the call is deducted from the pre-paid credits and the rate charged is cheaper than the pre-paid one. Brasil Telecom GSM is also the only operator to offer SMS credits every time you buy a calling card, no matter the face value of the card.
- **Bonus every month (Bônus todo mês):** clients who buy a Brasil Telecom GSM mobile can pick a Brasil Telecom fixed-line to receive a bonus of up to 200 minutes per month in local calls to any fixed line number.
- **Boomerang 14 (Bumerangue 14):** every minute of long distance calls made from Brasil Telecom GSM mobiles using the CSC 14 of Brasil Telecom is converted into bonuses of local calls to any fixed-line number or Brasil Telecom mobile. The more the client uses the CSC 14 in long distance calls, the bigger the savings in local calls.
- **Friends at All Times (Amigos toda hora):** Brasil Telecom GSM clients can pick 14 friends to speak to at a reduced rate of only R\$0.10 (excluding taxes) per minute, at any time, day or night. The chosen numbers may be fixed-line or mobile numbers, as long as the numbers are Brasil Telecom numbers and have the same area code as the mobile.

With the commercial launch of the mobile operations, Brasil Telecom becomes the first complete telecommunications carrier. Our convergence concept goes beyond products and services to reach our customer service and sales force. Both our call centers and points of sale will be ready to meet all the telecommunications needs of our clients. There will be more than 1.8 thousand points of sale, among them 16 flagship stores, 40 kiosks, 400 exclusive dealers and 1.350 retailers.

Our flagship stores have been designed following the one-stop-shop concept, where clients find all of our products and services including fixed and mobile telephony, intelligent services, broadband and narrowband internet, alternative DLD and ILD rate packages, besides various fixed-line and mobile telephony accessories.

In the 3Q04, investment in the mobile operation was of R\$502.7 million, amounting to R\$867.0 million since the start of the project.

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FINANCIAL PERFORMANCE

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REVENUE

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Table 6: Consolidated Operating Gross Revenues

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R\$ Million	3Q03	2Q04	3Q04	Δ Quarter	Δ 12 Months
GROSS REVENUES	2,877.1	3,037.4	3,315.2	9.1%	15.2%
Local Service	1,180.8	1,115.7	1,218.3	9.2%	3.2%
Activation	12.9	9.3	7.7	-17.6%	-40.3%
Basic Subscription	749.5	732.5	800.6	9.3%	6.8%
Measured Service	388.5	349.5	386.7	10.6%	-0.5%
Lease of Lines	0.6	0.4	0.4	15.0%	-24.0%
Other	29.3	24.0	22.8	-5.1%	-22.1%
Public Telephony	92.3	119.1	128.4	7.8%	39.1%
LongDistance Service	391.0	418.3	478.3	14.3%	22.3%
Intra-Sector	295.3	263.6	286.3	8.6%	-3.1%
Intra-Region	95.5	95.9	117.8	22.9%	23.4%
Inter-Region	-	52.2	67.0	28.2%	N.A.
International/Borderline	0.1	6.5	7.2	10.1%	4844.8%
Inter-Network Calls	643.9	738.1	805.5	9.1%	25.1%
VC-1	516.2	536.9	562.8	4.8%	9.0%
VC-2	105.4	140.1	156.1	11.4%	48.2%
VC-3	22.4	60.8	86.3	42.0%	285.9%
International	-	0.3	0.2	-26.6%	N.A.
Interconnection	203.9	179.4	182.7	1.9%	-10.4%
Fixed-Fixed	150.6	113.0	115.0	1.8%	-23.6%
Mobile-Fixed	53.2	66.4	67.7	1.9%	27.1%
Lease of Means	51.8	63.5	53.9	-15.0%	4.2%
Data Communications	191.8	255.3	283.4	11.0%	47.7%
Supplementary and Value Added Services	95.2	104.1	117.2	12.6%	23.2%
Other	26.6	43.9	47.6	8.3%	78.9%
Deductions	(823.7)	(874.8)	(954.3)	9.1%	15.9%
NET REVENUES	2,053.4	2,162.6	2,360.9	9.2%	15.0%

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Graph 4: Gross Revenue Breakdown

2Q04
R\$3,037 million

3Q04
R\$3,315 million

Local Service

Gross local service revenues reached R\$1,218.3 million in the 3Q04, 3.2% higher than in the 3Q03 and 9.2% higher compared to the 2Q04, mainly as a result of an increase in billed pulses (measured service) and basic subscription fees.

Gross line activation revenues totaled R\$7.7 million in the 3Q04, 17.6% lower than in the 2Q04, primarily due to the fee reduction of 18.5%, applicable from July 02, 2004 onwards. This reduction was partially offset by a rate increase of 3.6%, effective on September 01, 2004. Additionally, Brasil Telecom activated 403 thousand lines in the 3Q04, compared to 418 thousand lines in the previous quarter.

Basic subscription revenues reached R\$800.6 million in the quarter, an increase of 9.3% compared to the 2Q04, due to the rate adjustments of 7.4% and 4.4%, effective from July 02, 2004 and September 01, 2004, respectively.

Billed pulses revenues totaled R\$386.7 million in the 3Q04, an increase of 10.6% compared to the 2Q04, as a result of an increase in local traffic compared to 2Q04 and the rate adjustments of 7.4% and 4.4%, effective from July 02, 2004 and September 01, 2004, respectively.

Public Telephony

Public telephony revenues reached R\$128.4 million in the 3Q04, an increase of 7.8% compared to the 2Q04, primarily due to the rate adjustments of 7.4% and 3.2% in payphones credits, effective since from July 02, 2004 and September 01, 2004, respectively.

Long-Distance

Long distance revenues reached R\$478.3 million in the 3Q04, resulting in an increase of 14.3% compared to the 2Q04. This was principally due to the **market share increase of 7.7 p.p. and 5.5 p.p. in the interregional and international segments**. The rate adjustment of 3.2% and 4.8%, effective from July 02, 2004 and September 01, 2004, respectively, in the DLD basket also had a positive impact on revenues.

Inter-Network

Gross revenue from inter-network calls reached R\$805.5 million in the 3Q04, a 9.1% increase compared to 2Q04, reflecting the 6.1% increase in inter-network traffic and the increase of VC-2 and VC-3 traffic in the inter-network call mix.

Interconnection

Interconnection revenues increased by 1.9% compared to the 2Q04. On July 02, 2004, the Local Network Usage Rate (TU-RL) was decreased by 10.5% and the Intercity Network Usage Rate (TU-RIU) increased by 3.2%.

Data Communications

In the 3Q04, data communications revenues reached R\$283.4 million, an increase of 11.0% compared to the previous quarter, mainly due to the 19.2% growth in ADSL accesses.

Data communications has been increasing as a percentage of total revenues. In the 3Q03, the segment represented 6.7% of total revenues, increasing its share to 8.5% in the 3Q04.

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Graph 5: Data Communications Revenues

Supplementary and Value-Added Services

Gross revenue from supplementary and value-added services increased by 12.6% compared to the previous quarter, amounting to R\$117.2 million in the 3Q04.

Other Revenues

Other revenues reached R\$47.6 million in the 3Q04, a growth of 8.3% compared to 2Q04.

Gross Revenue Deductions

Gross revenue deductions reached R\$954.3 million in the 3Q04, representing 28.8% of the quarter's gross revenue, stable compared to the previous quarter.

Fixed-line ARPU

Fixed-line ARPU (net revenue/Average LIS/month) in the 3Q04 was of R\$81.8, compared to R\$70.0 in the 3Q03, a 16.8% increase.

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COSTS AND EXPENSES

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Table 7: Consolidated Operating Costs and Expenses

R\$ Million	3Q03	2Q04	3Q04	Δ Quarter	Δ 12 Months
NET REVENUES	2,053.4	2,162.6	2,360.9	9.2%	15.0%
Costs	(1,219.3)	(1,386.4)	(1,479.4)	6.7%	21.3%
Personnel	(29.8)	(29.9)	(30.1)	0.8%	1.0%
Materials	(20.4)	(23.0)	(22.0)	-4.7%	7.6%
Subcontracted Services	(605.5)	(700.4)	(773.9)	10.5%	27.8%
Interconnection	(455.6)	(545.3)	(610.2)	11.9%	33.9%
Other	(149.9)	(155.1)	(163.7)	5.6%	9.2%
Depreciation and Amortization	(479.5)	(540.0)	(540.3)	0.1%	12.7%
Other	(84.1)	(93.1)	(113.2)	21.5%	34.6%
GROSS PROFIT	834.2	776.2	881.5	13.6%	5.7%
Sales Expenses	(134.4)	(138.9)	(145.4)	4.60/0	8.1%
Personnel	(31.6)	(32.3)	(36.1)	11.7%	14.4%
Materials	(0.8)	(0.7)	(0.4)	-39.9%	-49.3%
Subcontracted Services	(99.1)	(103.5)	(106.7)	3.0%	7.6%
Advertising and Marketing	(28.5)	(24.5)	(31.4)	28.2%	10.3%
Other	(70.6)	(79.0)	(75.2)	-4.8%	6.6%
Depreciation and Amortization	(1.3)	(1.5)	(1.3)	-14.1%	0.1%
Other	(1.7)	(0.9)	(0.9)	-1.9%	-46.1%
General and Administrative Expenses	(134.5)	(142.9)	(149.3)	4.50/0	11.0%
Personnel	(30.1)	(33.0)	(32.9)	-0.2%	9.3%
Materials	(0.7)	(0.6)	(0.7)	10.6%	1.2%

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Subcontracted Services	(92.6)	(101.0)	(104.3)	3.3%	12.6%
Depreciation and Amortization	(6.7)	(6.2)	(6.6)	6.3%	-2.0%
Other	(4.3)	(2.0)	(4.8)	133.4%	10.3%
Information Technology	(71.5)	(80.8)	(84.4)	4.5%	18.0%
Personnel	(5.8)	(6.3)	(6.9)	9.8%	20.3%
Materials	(0.4)	(0.5)	(0.5)	5.6%	30.5%
Subcontracted Services	(17.6)	(23.7)	(25.2)	6.5%	43.6%
Depreciation and Amortization	(35.6)	(45.2)	(46.6)	3.1%	30.9%
Other	(12.2)	(5.1)	(5.1)	0.9%	-57.8%
Provisions and Losses	(85.2)	(135.1)	(163.7)	21.2%	92.0%
Doubtful Accounts	(65.6)	(95.3)	(97.9)	2.7%	49.1%
Contingencies	(19.6)	(39.7)	(65.8)	65.5%	235.5%
Other Operating Revenues (Expenses)	21.6	44.1	19.2	-56.3%	-10.8%
Goodwill Amortization	(6.6)	(6.4)	(31.7)	393.6%	376.4%
Other	28.2	50.5	50.9	0.8%	80.3%
OPERATING PROFIT BEFORE FINANCIAL RESULTS	430.1	322.5	358.0	11.00%	-16.8%

R\$ Million	3Q03	2Q04	3Q04	Δ Quarter	Δ 12 Months
COSTS AND OPERATING EXPENSES	(1,623.4)	(1,840.1)	(2,002.9)	8.9%	23.4%
Depreciation and Amortization	(529.8)	(599.4)	(626.5)	4.5%	18.2%
Interconnection	(455.6)	(545.3)	(610.2)	11.9%	33.9%
Subcontracted Services	(330.7)	(358.8)	(368.5)	2.7%	11.4%
Personnel	(97.2)	(101.5)	(106.1)	4.5%	9.1%
Provisions and Losses	(85.2)	(135.1)	(163.7)	21.2%	92.0%
Materials	(22.3)	(24.8)	(23.6)	-5.1%	5.7%
Advertising and Marketing	(28.5)	(24.5)	(31.4)	28.2%	10.3%
Other	(74.0)	(50.7)	(73.1)	44.2%	-1.2%

R\$ Million	3Q03	2Q04	3Q04	Δ Quarter	Δ 12 Months
COSTS AND OPERATING EXPENSES	(1,623.4)	(1,840.1)	(2,002.9)	8.9%	23.4%
(+) Depreciation and Amortization	529.8	599.4	626.5	4.5%	18.2%
(+) Provisions and Losses	85.2	135.1	163.7	21.2%	92.0%
(=) CASH COST	(1,008.3)	(1,105.6)	(1,212.8)	9.7%	20.3%

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Graph 6: Operating Costs and Expenses Breakdown (Excluding Depreciation, Provisions and Losses)

2Q04
R\$1,106 million

3Q04
R\$1,213 million

Operating Costs and Expenses

Operating costs and expenses totaled R\$2,002.9 million in the 3Q04, compared to R\$1,840.1 million in the previous quarter.

Operating costs and expenses excluding depreciation, amortization, provisions and losses were of R\$1,212.8 million in the 3Q04, compared to R\$1,105.6 million in the 2Q04, an increase of 9.7% compared to the previous quarter. The increase in costs was primarily a result of an increase in interconnection costs (+11.9) and other (+44.2%).

Number of Employees

At the end of the 3Q04, Brasil Telecom's fixed telephony operation had 5,509 employees, compared to 5,391 in the previous quarter. This increase was due to the consolidation of Vant and the increase of commercial personnel, associated to the opening of flagship stores following the one-stop-shop concept.

As of September 2004, Brasil Telecom GSM had 822 employees, compared to 758 in the 2Q04, reflecting the structuring process for the product's launch.

Personnel

Personnel costs and expenses reached R\$106.1 million, an increase of 4.5% compared to the previous quarter, given the increase in the workforce observed during the period.

Subcontracted services

Costs and expenses with subcontracted services, excluding interconnection and advertising & marketing, **totaled R\$368.5 million in the 3Q04**, a 2.7% increase compared to the previous quarter.

As a percentage of net revenue, costs with subcontracted services reached the lowest value of the past quarters, or 15.6%, compared to 16.6% in the 2Q04.

Interconnection

Interconnection costs totaled R\$610.2 million in the 3Q04, a 11.9% increase compared to the previous quarter. The increase is a result of the increase of VC-2 and VC-3 traffic in the inter-network traffic mix, the increase in long distance calls terminating outside Region II, and the increase in fixed-to-mobile traffic.

Advertising & Marketing

Expenses with advertising & marketing totaled R\$31.4 million in the 3Q04, an increase of 28.2% from the previous period. Advertising & marketing expenses as a percentage of net revenues corresponded to 1.3%, compared to 1.1% in the 2Q04.

Losses with Accounts Receivable/Gross Revenue

Losses with accounts receivable reached 3.0% of gross revenues in the 3Q04, stable when compared to the previous quarter. Losses with accounts receivable reached R\$97.9 million in the 3Q04.

Accounts Receivable

Gross accounts receivable as a percentage of gross revenues fell from 70.7% in the 2Q04 to 68.9% in the 3Q04, the lowest value in the last 12 months, given that the increase in gross revenues was higher than the increase in accounts receivable in the period. Despite the rate adjustments applied during the period, gross accounts receivable as a percentage of gross revenues fell in the quarter.

Gross accounts receivable in the period was influenced by the CSC 14 operation in the inter-regional and international segments and its usage in calls originated from mobile phones.

Deducting provision for doubtful accounts in the amount of R\$191.1 million, **Brasil Telecom's net accounts receivable totaled R\$2,093.3 million at the end of the 3Q04**.

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Graph 7: Accounts Receivable / Gross Revenue Ratio

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Table 8: Gross Accounts Receivable

	Sep/03	Dec/03	Mar/04	Jun/04	Sep/04
Total (R\$ Million)	2,139.5	2,042.7	2,099.0	2,145.9	2,284.4
Due	64.0%	63.7%	60.6%	60.1%	61.5%
Overdue (up to 30 days)	12.9%	15.3%	16.2%	15.7%	17.3%
Overdue (between 31-60 days)	7.3%	4.9%	6.2%	6.3%	5.8%
Overdue (between 61-90 days)	2.4%	4.1%	4.4%	3.6%	3.5%
Overdue (over 90 days)	13.5%	12.1%	12.6%	14.3%	11.9%

Provision for Contingencies

In the 3Q04, provisions for contingencies totaled R\$65.8 million, due to provisions for labor and civil legal proceedings and legal tax proceedings.

Other Operating Costs and Expenses/Revenues

Other Operating Costs and Expenses/Revenues totaled R\$73.1 million in the 3Q04, an increase of 44.2% compared to the 2Q04.

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EBITDA

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Table 9: EBITDA Margin Gains and Losses

R\$ Million	3Q03	Vertical	2Q04	Vertical	3Q04	Vertical
GROSS REVENUES	2,877.1	140.1%	3,037.4	140.5%	3,315.2	140.4%
Local Service	1,180.8	57.5%	1,115.7	51.6%	1,218.3	51.6%
Public Telephony	92.3	4.5%	119.1	5.5%	128.4	5.4%
Long Distance Service	391.0	19.0%	418.3	19.3%	478.3	20.3%
Fixed-Mobile Calls	643.9	31.4%	738.1	34.1%	805.5	34.1%
Interconnection	203.9	9.9%	179.4	8.3%	182.7	7.7%
Lease of Means	51.8	2.5%	63.5	2.9%	53.9	2.3%
Data Communication	191.8	9.3%	255.3	11.8%	283.4	12.0%
Supplementary and Value Added Services	95.2	4.6%	104.1	4.8%	117.2	5.0%
Other	26.6	1.3%	43.9	2.0%	47.6	2.0%
Deductions	(823.7)	-40.1%	(874.8)	-40.5%	(954.3)	-40.4%
NET REVENUES	2,053.4	100.0%	2,162.6	100.0%	2,360.9	100.0%
COSTS & OPERATING EXPENSES	(1,093.5)	-53.3%	(1,240.7)	-57.4%	(1,376.5)	-58.3%
Personnel	(97.2)	-4.7%	(101.5)	-4.7%	(106.1)	-4.5%
Materials	(22.3)	-1.1%	(24.8)	-1.1%	(23.6)	-1.0%

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Subcontracted Services	(330.7)	-16.1	(358.8)	-16.6%	(368.5)	-15.6%
Interconnection	(455.6)	-22.2%	(545.3)	-25.2%	(610.2)	-25.8%
Advertising and Marketing	(28.5)	-1.4%	(24.5)	-1.1%	(31.4)	-1.3%
Provisions and Losses	(85.2)	-4.2%	(135.1)	-6.2%	(163.7)	-6.9%
Other	(74.0)	-3.6%	(50.7)	-2.3%	(73.1)	-3.1%
EBITDA	959.9	46.7%	921.9	42.6%	984.4	41.7%

EBITDA of R\$984.4 million

Brasil Telecom's EBITDA was R\$984.4 million in the 3Q04, R\$62.5 million above 2Q04's EBITDA, resulting in a 6.8% increase quarter-on-quarter.

EBITDA Margin

In the 3Q04, Brasil Telecom's EBITDA margin reached 41.7%. The 9M04 EBITDA margin was of 42.4%.

EBITDA/Avg LIS/month

In the 3Q04, EBITDA/Average LIS/month reached R\$34.1, 7.6% higher than in the 2Q04.

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FINANCIAL RESULT

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Table 10: Consolidated Financial Result

R\$ Million	3Q03	2Q04	3Q04	Δ Quarter	Δ 12 Months
Financial Revenue	83.7	199.3	82.4	-58.7%	-1.6%
Local Currency	85.0	151.23	100.69	-33.4%	18.4%
Foreign Currency	(1.3)	48.06	(18.32)	-138.1%	1258.6%
Financial Expense	(213.0)	(285.9)	(180.6)	-36.8%	-15.2%
Local Currency	(217.9)	(195.9)	(174.8)	-10.7%	-19.8%
Foreign Currency	5.0	(90.1)	(5.8)	-93.6%	-216.3%
Financial Result	(129.3)	(86.7)	(98.3)	13.3%	-24.0%

Financial Result

In the 3Q04, Brasil Telecom reported a negative net financial result of R\$98.3 million, representing an increase of 13.4% in the net negative result compared to the R\$86.7 million reported in the 2Q04.

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OTHER ITEMS

Amortization of Reconstituted

In the 3Q04, Brasil Telecom amortized R\$31.0 million in reconstituted goodwill regarding the acquisition of CRT (with no impact on cash flow and dividends distribution), accounted for as

Goodwill

non-operating expenses.

[Table of Contents](#)**NET EARNINGS**

Net earnings totaled R\$85.2 million in the 3Q04 (R\$0.2367/1,000 shares). Net earnings/ADR in the same period were of US\$0.4140.

Net earnings adjusted by goodwill totaled R\$116.2 million in the 3Q04.

[Table of Contents](#)**BALANCE SHEET**[Table of Contents](#)**Table 11: Consolidated Balance Sheet**

R\$ Million	Jun/04	Sep/04
CURRENT ASSETS	5,655.3	6,740.4
Cash and Equivalents	2,506.3	3,400.4
Accounts Receivables (Net)	1,960.6	2,093.3
Deferred and Recoverable Taxes	769.8	766.1
Other Recoverable Amounts	309.6	276.8
Inventory	7.4	3.6
Other	101.6	200.2
LONG TERM ASSETS	1,558.0	1,590.9
Loans and Financing	134.6	135.1
Deferred and Recoverable Taxes	791.0	831.3
Other	632.5	624.5
PERMANENT ASSETS	9,919.6	9,974.4
Investment (Net)	492.5	448.3
Property, Plant and Equipment (Net)	8,759.4	8,792.9

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Property, Plant and Equipment (Gross)	23,937.1	24,513.4
Accumulated Depreciation	(15,177.7)	(15,720.4)
Deferred Assets (Net)	667.6	733.1
TOTAL ASSETS	17,133.0	18,305.7
CURRENT LIABILITIES	3,646.0	4,131.0
Loans and Financing	1,210.4	1,220.3
Suppliers	1,108.5	1,443.1
Taxes and Contributions	533.7	607.8
Dividends Payable	194.0	193.3
Provisions	345.5	337.1
Salaries and Benefits	112.9	137.0
Consignment for Third Parties	70.8	123.4
Other	70.2	69.0
LONG TERM LIABILITIES	4,992.3	5,545.2
Loans and Financing	3,133.2	3,644.8
Provisions	781.7	813.5
Taxes and Contributions	747.7	769.9
Authorization for Services Exploration	275.7	292.6
Other	53.9	24.5
DEFERRED INCOME	64.0	73.2
MINORITY INTEREST	2,228.2	2,263.2
SHAREHOLDERS' EQUITY	6,202.5	6,293.1
Capital Stock	2,568.2	2,568.2
Capital Reserves	337.2	337.2
Profit Reserves	898.0	898.0
Retained Earnings	2,419.8	2,510.4
Treasury Shares	(20.8)	(20.8)
TOTAL LIABILITIES	17,133.0	18,305.7

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Table 12: Holding Balance Sheet

R\$ Million	Jun/04	Sep/04
CURRENT ASSETS	803.0	1,066.0
Cash and Equivalents	535.5	801.5
Deferred Taxes	124.5	122.6
Other Recoverable Amounts	3.7	1.0
Dividends / Interest on Shareholders' Equity Receivable	133.7	133.7
Other	5.5	7.1
LONG TERM ASSETS	1,817.8	1,360.9
Loans and Financing	1,601.9	1,141.1
Deferred and Recoverable Taxes	212.4	216.9
Other	3.5	2.8
PERMANENT ASSETS	4,415.8	4,487.3
Investment (Net)	4,414.0	4,485.6
Property, Plant and Equipment (Net)	1.7	1.5
Property, Plant and Equipment (Gross)	56.8	57.2
Accumulated Depreciation	(55.2)	(55.6)
Deferred Assets (Net)	0.1	0.1
TOTAL ASSETS	7,036.6	6,914.1
CURRENT LIABILITIES	337.2	317.2
Loans and Financing	217.9	200.8
Suppliers	0.7	0.3
Taxes and Contributions	26.5	24.1
Dividends Payable	89.2	88.9
Salaries and Benefits	1.9	2.5
Consignment for Third Parties	0.1	0.1
Other	1.0	0.5

LONG TERM LIABILITIES	487.6	295.5
Loans and Financing	446.0	257.2
Taxes and Contributions	41.0	37.6
Other	0.6	0.6
SHAREHOLDERS' EQUITY	6,211.8	6,301.5
Capital Stock	2,568.2	2,568.2
Capital Reserves	337.2	337.2
Profit Reserves	898.0	898.0
Retained Earnings	2,429.2	2,518.9
Treasury Shares	(20.8)	(20.8)
TOTAL LIABILITIES	7,036.6	6,914.2

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INDEBTEDNESS

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Table 13: Indebtedness

R\$ Million	Currency	Annual Cost	Maturity	% Total	Balance Sep/04
Short Term				25.1%	1,220.3
BNDES	R\$	TJLP + 6.5%	dec/2007		15.5
BNDES	R\$	TJLP + 3.85%	dec/2007		345.3
BNDES	R\$	TJLP + 3.85%	oct/2007		81.8
BNDES	R\$	Basket + 6.5%	dec/2007		39.1
BNDES	R\$	Basket + 3.85%	nov/2007		13.5
Debentures	R\$	TJLP + 4%	jul/2006		200.6
BNDES	R\$	Basket + 5.5%	apr/2011		0.9
BNDES	R\$	TJLP + 5.5%	apr/2011		3.4
BRDE	R\$	IGP-M+12.0%	sep/2006		8.3
BB	R\$	14%	jan/2008		5.2
Debentures 2 nd Public Issuance	R\$	109% CDI	dec/2004		422.2
Debentures 3 rd Public Issuance	R\$	CDI + 1.0%	jul/2009		19.7
Bonds - US\$ 200 MM	US\$	9.38%	feb/2014		7.3
Financial Institutions I	US\$	Lib6 + 4.0%	mar/2006		12.3
Financial Institutions II	US\$	Lib6 + 2.4%	dec/2005		10.4

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Financial Institutions III	US\$	Lib6 + 0.5%	ju1/2008-ju1/2012	11.7
Financial Institutions IV	Yen\$	Jibor6 + 1.92%	mar/2011	0.2
Financial Institutions V	Yen\$	Jibor6 + 3.65%	feb/2009	0.6
Suppliers I	US\$	Lib3 + 2.95%	jun/2007	0.4
Suppliers II	US\$	1.75%	feb/2014	0.4
Suppliers III	US\$	Lib3 + 2.95%	jun/2007	0.1
Hedge Adjustment				21.6
Long Term				74.9%
				3,644.8
BNDES	R\$	TJLP + 6.5%	dec/2007	33.8
BNDES	R\$	TJLP + 3.85%	dec/2007	841.9
BNDES	R\$	TJLP + 3.85%	oct/2007	172.6
BNDES	R\$	Basket + 6.5%	dec/2007	84.7
BNDES	R\$	Basket + 3.85%	nov/2007	29.0
Debentures	R\$	TJLP + 4%	jul/2006	256.9
BNDES	R\$	Basket + 5.5%	apr/2011	76.9
BNDES	R\$	TJLP + 5.5%	apr/2011	321.1
BRDE	R\$	IGP-M+12.0%	sep/2006	9.3
BB	R\$	14%	Jan/2008	11.7
Debentures 3 rd Public Issuance	R\$	CDI + 1.0%	jul/2009	500.0
Bonds - US\$ 200 MM	US\$	9.38%	feb/2014	571.7
Financial Institutions I	US\$	Lib6 + 4.0%	mar/2006	6.1
Financial Institutions II	US\$	Lib6 + 2.4%	dec/2005	5.1
Financial Institutions III	US\$	Lib6 + 0.5%	ju1/2008-ju1/2012	65.9
Financial Institutions IV	Yen\$	Jibor6 + 1.92%	Mar/2011	560.8
Financial Institutions V	Yen\$	Jibor6 + 3.65%	feb/2009	2.0
Financial Institutions VI	US\$	Exchange Rate Var.	dec/2015	28.5
Suppliers I	US\$	Lib3 + 2.95%	jun/2007	1.0
Suppliers II	US\$	1.75	feb/2014	1.8
Suppliers III	US\$	Lib3 + 2.95%	jun/2007	0.3
Hedge Adjustment				63.9
Total Debt				100.0%
				4,865.1

Total Debt

As of September 2004, Brasil Telecom's consolidated total debt was of R\$4,865.1 million, 12% higher than the amount reported in the 2Q04. This was mainly due to the availability of funds associated with the first tranche of the loan raised with BNDES and the debentures issued by Brasil Telecom S.A.

Net Debt

Net debt totaled R\$1,464.7 million, a 20.3% reduction from June 2004.

Funds raised with BNDES

On July 19, 2004, BNDES (National Development Bank) approved the loan of R\$1.27 billion to Brasil Telecom, which will be used for investments in the fixed-line plant and for operational improvements. The loan has a 6.5-year tenure, with a grace period of 1.5 years and was directly raised with BNDES. The interest rate (coupon) will be equivalent to TJLP + 5.5% p.a. for 80% of the loan and Currency Basket + 5.5% p.a. for the remaining 20%. Of the total amount approved, BNDES has already paid out R\$400 million on August 26, 2004. The remaining portion of the loan will be available by 2006.

Demand for Brasil Telecom S.A.'s Debentures exceeds R\$800 million

Attesting Brasil Telecom's credibility among investors, the demand for the debentures of our wholly owned subsidiary, Brasil Telecom S.A., exceeded R\$800 million, 60% higher than the R\$500 million proposed by the company. The interest rate of the debentures, defined upon book building, was of CDI + 1% p.a., which was lower than the maximum interest rate proposed by the Company of CDI + 1.15% p.a. This was the first issuance in the Brazilian market of an instrument with a 5-year tenure effected in a single tranche, pegged to the CDI, with no other tranches pegged to price indexes.

Table 14: Indebtedness by Currency

Debt BRP (R\$ Million)	Jun 2004	Sep 2004	Δ Quarter
Short Term	1,210.4	1,220.3	0.8%
In R\$	1,075.3	1,101.8	2.5%
In US\$	65.4	46.8	-28.4%
In Yen	2.4	2.0	-16.1%
In Currency Basket	67.3	69.6	3.5%
Long Term	3,133.2	3,644.8	16.3%
In R\$	1,614.2	2,147.3	33.0%
In US\$	756.2	683.6	-9.6%
In Yen	609.4	605.5	-0.6%
In Currency Basket	153.4	208.3	35.8%
Total Debt	4,343.6	4,865.1	12.0%
(-) Cash	2,506.3	3,400.4	35.7%
Net Debt	1,837.3	1,464.7	-20.3%

Long-term debt profile

As of September 2004, 74.9% of the total debt was long-term debt,